

Message Text

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FM AMEMBASSY LIMA

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TAGS: EINV, EGEN, EMIN, PFOR, PE, US

SUBJECT: MARCONA EXPROPRIATION - AMBASSADOR MEETS WITH
FOREIGN MINISTER DE LA FLOR

REF: LIMA 6765

1. LATE AFTERNOON AUGUST 19, AMBASSADOR WAS TELEPHONED BY FOREIGN MINISTRY SECRETARY GENERAL GARCIA BEDOYA WHO REQUESTED THAT AMBASSADOR CALL ON FOREIGN MINISTER AT 6:30 P.M. THAT EVENING. SHORTLY THEREAFTER, THE MINISTERS SECRETARY TELEPHONED WITH THE SAME MESSAGE. WHEN AMBASSADOR, ACCOMPANIED BY A/DCM, ARRIVED AT FOREIGN MINISTER'S OFFICE, HE RECEIVED THEM CORDIALLY, BUT WITH AN AIR OF SOME CONCERN. MINISTER SAID HE HAD BEEN DISTURBED WHEN HE HAD BEEN NOTIFIED DURING CABINET SESSION OF MARCONA'S DECISION TO CANCEL MEETING SCHEDULED FOR THAT AFTERNOON AND HAD IMMEDIATELY SOUGHT AND OBTAINED THE PRESIDENT'S PERMISSION TO LEAVE SESSION TO CONFER WITH THE AMBASSADOR.

2. IN ENSUING HOUR-LONG CONVERSATION (MEMCON BEING POUCHED), DE LA FLOR MADE FOLLOWING POINTS:

A. THERE HAD OBVIOUSLY BEEN SERIOUS MISUNDERSTANDING, NOT THE FAULT OF GOP, WHICH HAD CONSISTENTLY
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MADE IT CLEAR THAT IT COULD NOT "NEGOTIATE"

WITH MARCONA, PARTICULARLY SINCE TERMS OF DECREE LAW, BY ITS NATURE, COULD NOT BE SUBJECT OF NEGOTIATION.

B. NEVERTHELESS, IT IS MOST IMPORTANT THAT "CONVERSATIONS" CONTINUE. EVALUATION PROCESS IS NOW GOING ON AND CONTINUED CONTACT IS NEEDED TO TAKE INTO ACCOUNT MARCONA'S VIEWS.

C. IT IS NOT "CONVENIENT" FOR EITHER GOVERNMENT THAT THE TALKS BE BROKEN OFF. THIS COULD HAVE ADVERSE CONSEQUENCES FOR BILATERAL RELATIONS WHICH GOP DOES NOT WANT.

3. THE AMBASSADOR AGREED THAT IT IS DESIRE USG MAINTAIN GOOD RELATIONS BUT NOTED THAT METHOD OF EXPROPRIATION AND ITS AFTERMATH ARE SOURCE OF SERIOUS CONCERN. HE THEN REVIEWED WITH DE LA FLOR DEVELOPMENTS OF PAST SEVERAL DAYS IN SAME TERMS AS HE HAD WITH GARCIA BEDOYA AND DE LA PUENTE (LIMA 6739 AND REFTTEL) AND WITH GENERAL VILLALOBOS (LIMA 6754), REITERATING HIS PERSONAL DISAPPOINTMENT AT HAVING BEEN LED TO BELIEVE THAT NEGOTIATIONS WERE IN PROSPECT ONLY TO DISCOVER THAT GOP DID NOT IN FACT HAVE THIS IN MIND. WITH RESPECT TO CONTINUED CONVERSATIONS, AMBASSADOR NOTED THAT MARCONA COULD HARDLY BE EXPECTED TO TALK WITH 85 PERCENT OF ITS ASSETS EXCLUDED FROM CONSIDERATION. IN THIS CONNECTION, AMBASSADOR SAID GOP'S ACTIONS CARRIED GRAVE IMPLICATIONS FOR TOQUEPALA AND OTHER SUCH INVESTMENTS, NOT ONLY IN PERU BUT ELSEWHERE. IT WOULD BE JUST AS WELL TO FACE THESE IMPLICATIONS SQUARELY NOW.

4. DE LA FLOR DENIED THAT TOQUEPALA WOULD BE A PROBLEM, AND ATTEMPTED TO CONTRAST SPCC RELATIONSHIP WITH GOP WITH THAT OF MARCONA'S HE ALSO SOUGHT TO JUSTIFY THE DISTINCTION GOP DRAWS BETWEEN "NEGOTIATIONS" AND "CONVERSATIONS", ALTHOUGH HE ADMITTED THERE "MIGHT HAVE BEEN A SLIP-UP" IN CLARIFYING DISTINCTION TO AMBASSADOR AND MARCONA.

5. FOREIGN MINISTER SAID THAT HE ASKED THAT USG AND
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MARCONA NOT CLOSE THE DOOR AND THAT CLARIFICATION WHICH WOULD RESULT FROM TALKS WOULD BE IMPORTANT FOR BOTH SIDES. THE AMBASSADOR AGAIN REFERRED TO THE EXCLUSION OF 85 PERCENT OF MARCONA'S ASSETS FROM DISCUSSION, AT WHICH THE MINISTER LOOKED WISE AND POINTED OUT THAT THERE ARE MANY DIFFERENT WAYS TO SOLVE A PROBLEM AND TWO SIDE MUST LOOK FOR ALTERNATIVES. THE AMBASSADOR INDICATED THAT THIS WOULD INEVITABLY INVOLVE SOME FORM OF NEGO-

TIATION; IF NOT, PROBLEM WOULD GET TO GOVERNMENT-TO-GOVERNMENT LEVEL WHICH WOULD NOT BE IN INTEREST OF ANYONE. MINISTER AGREED THIS WOULD NOT BE GOOD FOR EITHER COUNTRY. AMBASSADOR NOTED THAT TWO COUNTRIES HAD SOLVED MANY PROBLEMS BY GREENE SETTLEMENT, CIVIL AIR AGREEMENT, ETC., AND THAT RELATIONS HAD APPEARED TO BE GOOD AND GETTING BETTER. NOW MARCONA PROBLEMS IS UPON US WITH DANGER THAT RELATIONS COULD BE SET ALL THE WAY BACK TO PRE-GREENE ERA. THIS COMMENT APPEARED TO JOLT MINISTER, WHO PROTESTED THAT GOP DID NOT WANT THIS AND HAD IN FACT ALREADY DEMONSTRATED ITS GOOD WILL BY AGREEING TO TALKS DESPITE FACT THAT MARCONA HAD PRE-EMPTED MARKETS.

6. THE FOREGOING TO ONE SIDE, THE MINISTER SAID, IMPORTANT THING AT THIS STAGE WAS TO GET TALKS BACK ON THE TRACK. HE HOPED AMBASSADOR COULD URGE COMPTON AND FURTH TO STAY IN LIMA. AMBASSADOR SAID HE WOULD RELAY THE MINISTER'S COMMENTS TO THEM AND NOTED THAT, IN ANY CASE THE TWO MARCONA PRINCIPALS AND DE LA PUENTE WOULD HAVE OPPORTUNITY TO TALK FURTHER AT RESIDENCE LATER THAT EVENING. THE MEETING ENDED ON A CORDIAL NOTE.

7. COMMENT: TONE OF MEETING THROUGHOUT WAS FRIENDLY, AND IT WAS APPARENT THAT FOREIGN MINISTER HAD BEEN DISTURBED BY PROSPECT OF BREAKDOWN OF TALKS. HE ALSO IMPLIED THAT GOP DISTINCTION BETWEEN "NEGOTIATIONS" AND "CONVERSATIONS" CONTAINS LARGE ELEMENT OF SYMANTICS AND THAT AT LEAST SOME IN GOP ARE SEARCHING FOR WAYS OUT OF THE CORNER IN WHICH THEY HAVE PAINTED THEMSELVES. IT WOULD BE PREMATURE TO DRAW VERY MUCH ENCOURAGEMENT FROM THE MINISTER'S REMARKS, BUT AT LEAST IT APPEARS THAT THE GOP HAS BEGUN TO REALIZE THAT MARCONA'S EXPROPRIATION CARRIES WITH IT SERIOUS IMPLICATIONS FOR PERU AS WELL
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